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NATIONAL INTELLIGENCE DAILY CABLE

Saturday 16 September 1978 CG NIDC 78/217

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review

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NICARAGUA: Situation Report

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[redacted] Nicaraguan National Guard forces yesterday stepped up their efforts to regain control of the countryside. The Guard concentrated its operations in Leon and Esteli, and was expected to move into Chinandega if it brought those two cities under control. Sporadic fighting occurred yesterday in Rivas, Jinotepe, and Diriamba, where guerrilla units reportedly have dug in.

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[redacted] Security units have heavily reinforced the military complex and the Hotel Intercontinental in Managua in anticipation of a major guerrilla strike.

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[redacted] //Both Major "Tachito" Somoza, President Somoza's son, and another middle-level officer confirm that there is some concern about the Guard's ammunition supplies, but Major Somoza says these can be replenished by Central American suppliers.//

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National Intelligence Daily Cable for Saturday, 16 September 1978.

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The NID Cable is for the purpose of informing senior US officials.

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IRAN: Regaining the Initiative

25X1 [redacted] //With Iran's Muslim leaders and opposition politicians temporarily subdued by martial law, the Shah is trying to regain the initiative by taking steps to convince critics that he intends to continue pushing his program of political liberalization despite recent widespread disorders.//

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[redacted] //There are signs of cautious optimism among influential Iranians in government, business, and press circles that the Shah may have pulled the country back from the brink of chaos, [redacted]

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[redacted] a marked shift in opinion since early August, when there was widespread concern that the Shah's inability to put an end to countrywide rioting meant he was losing his grip.//

[redacted] //The imposition of martial law on 8 September, in the view of many Iranians, followed by the military's immediate and firm suppression of conservative religious demonstrators in Tehran, prevented the country from sliding into anarchy. The renewed confidence of pro-Shah groups in the prospects for stability is credited to the forceful reassertion of the Shah's authority, along with a number of steps designed to increase political participation and to reduce official corruption and incompetence.//

[redacted] //With martial law still in effect in Tehran and 11 other cities, the Shah is seeking to shift dissent from the streets by encouraging open criticism of the government in the press and parliament. Intensive media coverage of antigovernment speeches in the parliament is attracting a large audience and serving as a safety valve for the more responsible critics of the government.//

[redacted] //Even though the sense of crisis built up over the last nine months has abated, the Shah still faces major obstacles to the restoration of order and stability. Muslim clergymen, the Shah's most formidable adversaries, still show no sign of interest in negotiating a political compromise that would give the Muslim leadership a greater voice in government policy affecting religion but would leave the Shah's ultimate authority intact.//

[redacted] //The clergymen, backed by dissident leftist politicians and amply funded by conservative bazaar merchants, retain the ability to stage large-scale demonstrations in defiance of martial law. A march by several thousand mourners, led by Muslim clergymen, to Tehran's cemetery on Thursday to commemorate the victims of last week's riots ended without incident.

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FRANCE - WEST GERMANY - EC

25X1 [] //At their two-day semiannual meeting in Aachen, Germany, which ended yesterday, French President Giscard and West German Chancellor Schmidt showed every sign of being determined to advance the cause of EC monetary unity, even though earlier reporting had indicated significant Franco-German differences on the projected European Monetary System.//

25X1 [] //The two leaders pressed their experts into service in Aachen, and Schmidt announced yesterday that, despite some remaining technical difficulties, "we have no differences of opinion." Details on the extent of the agreement are not yet available--and some of the "technical difficulties" may prove serious. The degree to which they have been able to agree on fundamentals should become clearer after the EC finance ministers meet on Monday.//

25X1 [] //Skepticism about the feasibility of a new Community monetary arrangement persists in many of the EC capitals. There nevertheless is a growing feeling that a political decision to go ahead might be made by the EC's December target date, although the system would not begin functioning until sometime in 1979. [] 25X1

USSR: Reaction to Kennedy Visit

25X1 [] The US Embassy in Moscow speculates that yesterday's reaction in Pravda to the publicity given Senator Kennedy's announcement about 18 Soviet emigration cases suggests that Moscow found it difficult to arrive at an appropriate response. Although the Soviets felt it necessary to react against what they saw as US interference in Soviet affairs, they were probably unhappy that this undercut their effort to use the Senator's visit to move the US-Soviet relationship in a more positive direction.

25X1 [] TASS described the talks last Saturday between the Senator and President Brezhnev as "businesslike and friendly" and avoided using the cooler term "frank," which the Senator used. TASS did, however, characterize the current state of US-Soviet affairs as "unsatisfactory."

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[] The timing of this TASS treatment--it came the day after the departure from the USSR of US businessman Jay Crawford--combined with the relative warmth of the Soviet portrayal of the talks, appeared to be a Soviet signal of increased hope for a better period in bilateral relations.

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[] Yesterday, however, the authoritative *Pravda* article attacked US press statements about Soviet emigration cases and indirectly criticized Senator Kennedy's public remarks about the prospective resolution of 18 such cases. The article said that no pressure, even through "quiet diplomacy," would affect Soviet behavior on what Moscow regards as internal issues. What evidently upset the Soviets was not the "quiet diplomacy" of the Senator's visit, in which they apparently were willing to promise concessions, but the ensuing publicity, which created an image of Moscow's willingness to accommodate US pressures.

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[] The public announcement of the 18 emigration cases may have recalled for the Soviets an episode in October 1974 in which Senator Jackson made public statements on the issue of an annual Jewish emigration quota; that episode caused a political backlash in the USSR. Wednesday's *Washington Post*, moreover, interpreted Soviet behavior in this case as showing more "flexibility," a description of Soviet policy that is almost anathema in Moscow. The Soviets may also have felt that Senator Kennedy violated the terms, tacit or otherwise, of the arrangement allowing the emigration of the 18.

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[] Although the *Pravda* article is unsigned and thus registers an authoritative Soviet view, it is worded cautiously and appears on page 5, indicating a desire not to have the Soviet displeasure overplayed. The indirect nature of the criticism of Senator Kennedy suggests hesitance about attacking a US political figure whom the Soviets have always portrayed favorably in their press.

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[] More important, however, the *Pravda* attack tends to undercut somewhat the positive signal the Soviets seemed to be using the Senator's visit to send. The Soviets, even as they apparently want to turn to a new page in the US-Soviet relationship, seem to feel they must be on their guard to ensure that the rules of future bilateral dealings are defined carefully to protect Soviet interests, particularly in domestic affairs.

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CHINA: New Scientific Emphasis

[redacted] //China has made plans to send thousands of its best students abroad for graduate training in the sciences and engineering during the next few years. In other significant reflections of the country's new emphasis on scientific and technological development, leading scientists are again becoming members of the Communist Party and party political cadres involved in management decisions on scientific and engineering matters are attending special classes to increase their competence in those areas.//

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[redacted] Several Western countries have been asked to accept many more Chinese scientific and technical students than they are willing or able to accommodate this fall. Only 500 to 1,000 are to constitute the initial group, but China hopes to place as many as 3,000 students abroad by the fall of 1979. A large proportion will be graduate students because Chinese graduate programs are undeveloped. The candidates will probably be persons with high potential for scientific and technical studies, but they are likely to be poorly prepared linguistically and academically.

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[redacted] //China's interests are primarily in engineering, electronics, and solid-state physics. Western management techniques and research methods are also of great interest. A small number of Chinese students are already being trained in science and engineering in Japan, Canada, West Germany, and France.//

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[] The entry of leading scientists into the Communist Party suggests a rise in the status of scientists to what it was before the Cultural Revolution, when perhaps 20 to 30 percent of the country's professional scientists were party members. Party organs, especially provincial committees and committees in scientific and technical institutes and universities, are playing an important role in promoting China's science policies. []

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BRIEFS

Argentina-US

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[] Argentina has indefinitely postponed formal ratification of the Tlateloco Treaty, which seeks to ban nuclear weapons from Latin America. There is a possibility that it will reverse its earlier decision and decide not to adhere to the accord.

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[] //The change of mind stems in part from growing hostility in Buenos Aires to US pressure on human rights.

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Ecuador

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[] A plot by some senior Ecuadorean military officers and election officials to announce widespread voting irregularities and fraud as a prelude to voiding the country's two-stage presidential election apparently has been shelved until next week.

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[] The postponement seems to have been prompted by broad exposure in the media and by denunciations from civilian political leaders during the past few days. It remains uncertain

whether the conspiracy can succeed, but US Embassy officials in Quito believe that the plotters probably will try again after the public furor subsides. [REDACTED]

Norway

[REDACTED] Norway's Labor government, committed to restoring the country's international competitiveness, yesterday announced a wage and price freeze that is to last until the end of 1979. The government suspended collective bargaining for the same period, as well as pay raises already scheduled for 1979.

[REDACTED] Inflation averaging 9 percent for the past two years has threatened to price Norwegian industry out of markets both at home and abroad. Unless the rise of wages and prices is moderated, the improvement in Norway's competitive position stemming from an 8-percent devaluation in February will vanish, profit margins in nonenergy export industries will narrow further, and unemployment will rise. [REDACTED]

Zambia

25X1 [] The Zambian Government arrested opposition political figure Simon Kapwepwe and some of his followers last week, according to the US Embassy in Lusaka. Kapwepwe had announced last month that he was a candidate for the presidency. The government apparently wanted to ensure that there would be no disruptions and that President Kaunda would win an overwhelming endorsement as the only candidate at the ruling party conference last weekend.

25X1 [] Since Kaunda won the endorsement as expected, Kapwepwe's relatives expect him to be released before the end of the month. The government is concerned about Kapwepwe's considerable support within the country's largest tribal group, however, and will keep a close eye on him at least until after the election, which is likely to be held next month. 25X1 []

Colombia

25X1 [] Labor leaders helped President Turbay's government keep the lid on a potentially explosive situation in Colombia on Thursday by calling off demonstrations to commemorate the general strike of a year ago. Stringent new security measures will remain in effect, however, because officials believe terrorist and insurgent groups are planning additional assassinations--a former minister was murdered on Tuesday--or other disruptive actions. 25X1 []

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